

## **IC 25-34.1-4**

### **Chapter 4. Principal Brokers**

#### **IC 25-34.1-4-1**

##### **Responsibility for actions of associated salespersons and broker salespersons; maintenance of two or more separate offices; notice**

Sec. 1. A principal broker is responsible under this article for the actions of any associated salesperson and broker-salesperson. Any principal broker who maintains two (2) or more separate offices for associated licensees shall notify the commission of the name and address of the broker who manages each office.

*As added by Acts 1979, P.L.248, SEC.1.*

#### **IC 25-34.1-4-2**

##### **Partnership, corporate, or limited liability company broker to act only as principal broker; designation of responsible licensed individual broker**

Sec. 2. Except as provided in IC 23-1.5, a partnership broker, corporate broker, or limited liability company broker may act only as a principal broker and shall designate to the commission a licensed individual broker, who is a partner or a corporate representative satisfying IC 25-34.1-3-4.1(c)(1) or a member-managed limited liability company member or a manager-managed limited liability company representative satisfying IC 25-34.1-3-4.1(d)(2), to be primarily responsible to the commission for its actions.

*As added by Acts 1979, P.L.248, SEC.1. Amended by P.L.128-1994, SEC.4; P.L.229-1995, SEC.7.*

#### **IC 25-34.1-4-3**

##### **Residency requirement**

Sec. 3. Each individual who is a principal broker or is designated by a partnership, corporation, or a limited liability company pursuant to section 2 of this chapter shall be a resident of Indiana.

*As added by Acts 1979, P.L.248, SEC.1. Amended by P.L.128-1994, SEC.5.*

#### **IC 25-34.1-4-4**

##### **Independent contractor relationship**

Sec. 4. Notwithstanding IC 23-1.5, the association of a salesperson or broker with a principal broker, as provided by this article, creates an independent contractor relationship unless otherwise specified by a written contract entered into by the principal broker and the associated salesperson or broker.

*As added by Acts 1979, P.L.248, SEC.1. Amended by P.L.229-1995, SEC.8.*

#### **IC 25-34.1-4-5**

##### **Trust accounts**

Sec. 5. (a) Each principal broker:

(1) shall keep in one (1) or more trust accounts (interest or noninterest bearing) all funds belonging to others that come into the possession of the principal broker or of any associated salesperson or broker-salesperson; and

(2) shall clearly identify any account containing those funds as a trust account. The trust accounts shall contain all earnest money deposits, funds held for closing escrows, sale proceeds not yet disbursed, and all other funds belonging to others.

(b) The principal broker shall not use any trust account for the deposit of any personal funds or other business funds and shall keep a detailed record of the funds and any interest accrued in each trust account that identifies the amount of funds held for each beneficiary. Any interest earned shall be held for the beneficiary.

(c) Upon the death or termination of a principal broker or the expiration or revocation of the principal broker's license, the commission shall take custody of each trust account and may appoint a successor trustee to protect and distribute the proceeds of that account.

*As added by Acts 1979, P.L.248, SEC.1. Amended by P.L.255-1987, SEC.5.*

#### **IC 25-34.1-4-6**

##### **Death of individual principal broker or termination of partnership principal broker by death of partner**

Sec. 6. (a) In the event of the death of an individual principal broker or the termination of a partnership principal broker by the death of a partner, a salesperson formerly associated with that principal broker may continue to carry out business contracted for before the death or termination of the principal broker, for a maximum period of ninety (90) days after the death or termination. During that period, the salesperson shall maintain a trust account as provided in section 5 of this chapter. However, until associating with another principal broker the salesperson may not undertake any new business.

(b) Upon associating with a new principal broker, the salesperson may conduct on behalf of the deceased or terminated principal broker only that business which is necessary to complete obligations assumed while associated with that principal broker. All other acts performed by the salesperson shall be performed in association with the new principal broker.

(c) Each broker-salesperson formerly associated with the deceased or terminated principal broker becomes, upon the death or termination of the principal broker, a principal broker until the broker elects to act as a broker-salesperson for another principal broker.

(d) This section applies only to matters of licensing and responsibility under this article and does not affect the transfer of the deceased principal broker's property interests as provided by IC 29 and other laws of succession.

*As added by Acts 1979, P.L.248, SEC.1.*